# GREAT LAKES PILOTAGE AUTHORITY

SUMMARY OF CORPORATE PLAN 2005-2009
SUMMARY OF OPERATING BUDGET 2005
SUMMARY OF CAPITAL BUDGET 2005

February 28, 2005

**Great Lakes Pilotage Authority**

SUMMARY OF 2005-2009 CORPORATE PLAN
2005 OPERATING BUDGET AND CAPITAL BUDGET FOR 2005
AS APPROVED BY THE MINISTER OF TRANSPORT AND TREASURY BOARD
THE 13TH DAY OF DECEMBER, 2004 T.B. REC. 831688

## EXECUTIVE SUMMARY

The Great Lakes Pilotage Authority (GLPA) has just completed a 36 month period where significant traffic decreases combined with an 8 year policy of freezing and reducing pilotage fees charged to users, have required a total of 15% increase in tariffs in 2004 in order to return to a financial self-sufficiency. The users, which represent 95% foreign shipowners, have supported these tariffs given that the total tariff increases for GLPA have been less than the increase in inflation during the last eleven years. Tariff increases for the planning period are forecasted to follow inflation projections for period.

The Authority completed, in 2004, a major re-organization which saw one of its two operation centres closed and major staff reductions. These actions allowed the Authority to reduce operation and administration expenses by close to 10% in 2004. Future cost reductions are unlikely given the limited number of remaining employees and pilots on the payroll. The salary and benefit costs represent 80% of the Authority's expenditures and cannot be reduced further without jeopardizing the Authority's mandate for safety and efficiency.

In 1999, the Minister of Transport accepted the recommendation of the Canadian Transportation Agency that suggested that the *Great Lakes Pilotage Regulations* be amended to enhance the requirements for Canadian vessel exemptions for compulsory pilotage in the Great Lakes region. The Minister of Transport instructed the Authority to perform a risk analysis of the situation and prepare amendments that would be supported by the findings of the risk study.

The risk analysis is now complete and the proposed amendments to the regulations are now in the process of being published in Part I of the Canada Gazette. The Authority is anticipating the publication in 2005 which will require a major undertaking financially and operationally to implement the amendments for the 2006 navigation season. The amendments will allow most of the Canadian officers to pilot their own vessels in the Great Lakes region once a pilotage certificate is issued to them. Pilotage certificates will be issued only when these marine officers have demonstrated that they have the qualifications and experience to navigate their vessels safely in the region. The present exemption system does not require these officers to demonstrate their knowledge or skill in order to navigate the waters of the Great Lakes. The primary objective of the Authority in 2005 will be to effectively and efficiently implement the proposed pilotage certificate system.

In the longer term, the Authority in consultation with the users will review the need for pilots to be equipped with lap top computers so as to improve the efficiency and safety of navigation of vessels in the Great Lakes. This $1 million program will be funded by the users and is expected to be undertaken over a 2 year period.

Current Treasury Board requirements regarding Internal Audit will cause the Authority to examine all its major operational functions and review the operating risks associated to them. This examination has been started and will be continued into the planning period with a first report expected in the Spring 2005. The Authority will review the findings of this Internal Audit report and establish action plans to address all recommendations. Implementation of the action plan will begin in late 2005 and continue into 2006.

The Authority is not planning on any major acquisition in 2005 and is budgeting a surplus for its operation for the year. Once the surplus position is re established, the Authority will begin the exercise of creating a financial reserve for the future.

## MANDATE

The Great Lakes Pilotage Authority, Ltd. was established in February 1972 pursuant to the *Pilotage Act*, incorporated as a limited company in May 1972, and was continued under the *Canada Business Corporations Act*. Until October 1st, 1998, it operated under the name of Great Lakes Pilotage Authority, Ltd. Pursuant to the *Canada Marine Act*, which received Royal Assent on June 11 1998, the name of the Authority was changed to Great Lakes Pilotage Authority and the Authority is deemed to have been established under subsection 3(1) of the *Pilotage Act*. The Authority is a Crown corporation listed in Schedule III, Part I of the *Financial Administration Act*. On October 1st, 1998, the Authority ceased to be a subsidiary of the St. Lawrence Seaway Authority and has surrendered its charter under the *Canada Business Corporations Act*.

The objectives of the Authority are to establish, operate, maintain and administer a safe and efficient pilotage service within designated Canadian waters. The *Pilotage Act* provides that the pilotage tariffs shall be fair, reasonable and sufficient and, together with any revenue from other sources, shall permit the Authority to operate on a self-sustaining financial basis.

The Authority is exempt from any income taxes.

The Authority is not an agent of Her Majesty.

The Chair of the Authority is appointed by order of the Governor in Council on the recommendation of the Minister of Transport. The Chief Executive Officer is selected by the Board of Directors and appointed by order of the Governor in Council on the recommendation of the Minister of Transport. The Chief Executive Officer has the direction and control of the business of the Authority.

## POWERS

To carry out its responsibilities the Authority has made regulations, approved by Order-in-Council, pursuant to the *Pilotage Act* for:

1. The establishment of compulsory pilotage areas.

2. The prescription of the ships or classes of ships subject to compulsory pilotage.

3. The prescription of the classes of pilot licenses and classes of pilotage certificates that may be issued.

4. The prescription of the tariffs of pilotage charges to be paid to the Authority for pilotage services.

## OBJECTIVES

The Authority's corporate objectives are summarized as follows:

- To provide economic, safe, reliable and comprehensive marine pilotage and related services in its region of responsibility.

- To promote the effective utilization of the Authority's facilities, equipment and expertise through the productive application of these resources in such activities and geographic areas as may be appropriate in the interest of safe navigation.

- To provide the above services within a commercially-oriented framework directed toward achieving and maintaining financial self-sufficiency at the least cost to the user.

- To be responsive to the Government's environmental, social and economic policies.

## DESCRIPTION OF THE OPERATIONS

The Authority operates in the interest of safety, a marine pilotage service in all Canadian waters in the Provinces of Ontario, Manitoba and in Quebec south of the northern entrance to the St. Lambert Lock.

Services are provided through the performance of pilotage assignments to those vessels entering the region which are subject to compulsory pilotage by pilots employed by the Authority, using pilot boats contracted by the Authority and dispatch services, both controlled through Pilotage Headquarters at Cornwall.

The Authority must co-ordinate its efforts and operations with a number of other organizations such as The St. Lawrence Seaway Management Corporation and the United States Seaway Development Corporation, who operate the lock facilities, and maintain traffic control systems within the Region; the Canadian Coast Guard, who provide aids to navigation and the United States Coast Guard, who are responsible for the United States pilotage matters in international waters.

The Great Lakes Pilotage region is divided as follows:

- Cornwall District
- International District No. 1
- Lake Ontario
- International District No. 2 (including the Welland Canal)
- International District No. 3 (including Lakes Huron, Michigan and Superior)
- The Port of Churchill, Manitoba

## CANADIAN TRANSPORTATION AGENCY REVIEW ON PILOTAGE- ACTION PLAN

### BACKGROUND

The *Canada Marine Act* (CMA) received Royal Assent on June 11, 1998 and required the Minister of Transport in consultation with the Canadian Pilotage Authorities, its users and other persons affected by pilotage services in Canada to review the pilot certificates process for masters and officers, training and licencing requirements for pilots, compulsory pilotage area designation and the measures taken in respect of financial self-sufficiency and cost reduction by all Authorities. Once this review was completed the Minister was required to prepare a report for the House of Commons on the findings within one year of the CMA becoming law.

The Minister appointed the Canadian Transportation Agency (CTA) to undertake the above review and has now forwarded his report to Parliament.

### RECOMMENDATIONS LISTED IN PRIORITY AND STATUS OF GLPA ACTION

The following recommendations were made in the Minister of Transport's letter to the Chair of the Authority on November 15, 1999 and made specific reference to the CTA's recommendation found in the report to parliament "*Ministerial Review of Outstanding Pilotage Issues*".

1. Minister's Recommendation No. 1
   CTA Recommendation No. 1

The Authorities are to develop and adopt a risk based methodology to be used for the designation or re-assessment of compulsory pilotage area. The Authorities will be required to publish a Regulation stipulating that reviews of the factors and circumstances related to compulsory designations will take place every five years.

Transport Canada has designed a risk based methodology for the four Canadian Pilotage Authorities to follow in the review of compulsory pilotage areas. GLPA is now undertaking its first review which should be completed by the Fall of 2004.

2. Minister's Recommendation No. 4
CTA Recommendation No. 9

The Authorities are to develop and implement a fair and reasonable system for assessing pilots' competence and quality of service. This assessment process will have to take place regularly and not less than every five years.

The process to design a system for assessing pilots' competence and quality of service has been finalized and has seen the first 36 pilots complete the assessment. This process was undertaken with the full cooperation of the pilots.

3. Minister's Recommendation No. 5
CTA Recommendation No. 15

The *Great Lakes Pilotage Regulations* must be amended to enhance requirements for exempting vessels from compulsory pilotage in the Great Lakes Pilotage region.

The CTA recommends that the *Great Lakes Pilotage Regulations* be amended as follows:

- Adding a requirement ensuring that there are two qualified officers on board the vessel in compulsory areas, one being the master and the second being a deck watch officer holding a first mate qualification;

- Increasing the minimum number of trips required from both the master and the deck watch officer in the compulsory area to 15 in a three year period with five of the trips completed in the 12 month period preceding the request for exemption;
- Adding a requirement ensuring that both the master and deck watch officer requesting the exemption have been on the bridge of the ship for each of the required 15 trips and can provide documented proof at the request of the Authority; and

- A requirement ensuring that both the master and the deck watch officer requesting the exemption have received marine training acceptable to the Authority.

- The *Great Lakes Pilotage Regulations* be further amended to add a provision that would enable the Authority to revoke an exemption from compulsory pilotage, if the Authority determines that the conduct of the navigation of the vessel constitutes a risk to safety of navigation. This provision should require the Authority to provide reasons for the revocation.

The Authority received the Minister of Transport's approval in April 2000 for the action plan forwarded to Transport Canada highlighting the timelines for dealing with the exemption issue. The Authority met twice with all stakeholders before December 2000 and

subsequently received directives from the Minister of Transport in April 2001 to undertake a formal Pilotage Risk Management Methodology (PRMM) to address the issue of exemptions for Canadian ships in the Great Lakes Basin.

The risk report was tabled with the GLPA Board of Directors in March 2002. Since that time, there has been extensive consultation with stakeholders and a number of the original recommendations were modified in response to concerns identified by the Canadian shipping industry. The GLPA Board approved these changes in February 2003 subject to a review by Transport Canada.

The Minister of Transport responded to the new proposals in July 2003. He raised concerns that the proposed pilotage testing and authorization process were inconsistent with the *Pilotage Act*. He suggested that the Board "take appropriate measures to apply the specific provisions of the *Pilotage Act* with respect to pilotage certification as a means of properly assessing an applicant's skills and local knowledge of the waters of the compulsory pilotage area." Further, the Minister indicated that the GLPA should "make possible the independent evaluation of applicants for pilotage certification by a board of examiners chaired by a representative of the GLPA."

After some further discussion with industry representatives, GLPA management submitted a revised set of recommendations to the Board. Most of the earlier changes remain intact. However, the key areas of pilotage testing and certification were modified in accordance with the Minister's advice. The GLPA Board approved the revised plan on September 10, 2003.

This initial PRMM has been a lengthy process; however, the proposed amendments to the *Great Lakes Pilotage Authority Regulations* will strengthen the Authority's vessel exemption policies and practices and enhance navigational safety within the Great Lakes. It is the intent of the Authority to publish in Part I of the Canada Gazette the regulatory changes to the *Great Lakes Pilotage Regulations*. This publication should be done by late Fall 2004.

4. Minister's Recommendation No. 6
CTA Recommendation No. 16

The Minister recommends that the Authority, in partnership with pilots and all legitimate interested parties, regularly examine all aspects of its operations on a continuing basis and report to the Minister the specific steps that have been taken to achieve the goal of improved efficiencies and further cost reductions. Although most of the work has been done in this regard, it should be a constant objective.

The Authority has in its Annual Report, starting in 1999, listed the activities and accomplishments in the area of cost reduction and productivity increases. Those activities will be included in the Authority's Strategic Plan and Management Accountability Accord.

The Authority has formalized on an annual basis, meetings with all legitimate interested parties, including Shipping Federation, to discuss cost reduction activities and other similar initiatives.

5. Minister's Recommendation No. 7
CTA Recommendation No. 18

The Minister requests that a formal system of consultation with interested parties on financial, operational and planning issues be initiated and that the Authority report on its plan for consultation and the implementation of the plan in the Annual Report to Parliament.

In line with the recommendation above the Authority will include in the annual meetings with the users an opportunity to discuss operational and financial issues. This process began in the Summer of 2000 and all major findings and results of this meeting have been reported starting with the 2000 Annual report and will continue.

6. Minister's Recommendation No. 9
CTA Recommendation No. 20

The Minister asks that the Great Lakes Pilotage Authority establish a structural methodology for handling complaints and report on its implementation in the 2000 Annual Report.

As with recommendation two (2) of this report (waiver requests) the Authority has developed a form to complete which requires all the information surrounding a complaint to be listed. These complaints are numbered and accounted for in the Annual Reporting process. This recommendation was acted upon before the Summer of 2000 and implemented in the 2000 Annual Report.

7. Minister's Recommendation No. 8
CTA Recommendation No. 19

The Minister request that GLPA and industry establish a system for the early release of practical information with respect to safety incident.

The Authority and industry have discussed this recommendation and have yet to finalize a formal system. The Authority will report the progress on this initiative in the 2004 Annual Report.

8. Minister's Recommendation No. 3
CTA Recommendation No. 8

The Authority must begin to report in the Annual Report on the pool of qualified pilot candidates.

The Authority has, in the 1999 Annual Report and will in the subsequent Annual Reports, disclose the information it has regarding the pool of qualified pilot candidates. This information will be obtained by various means which could include discussion with the industry as well as Canadian Marine College officials.

9. Minister's Recommendation No. 2
CTA Recommendation No. 3

The Authority should provide reasons when a request for a waiver is denied so as to add greater transparency to the waiver process.

The Authority has instituted a formal system to address the above. A specific form has been developed to capture the required information before the Authority grants a waiver. The responses to the user requesting the waivers will be documented and confirmed by e-mail/fax and filed in the Authority's records.

These measures were taken in the Spring 2000 and results will be reported annually in the Annual Report.

10. Minister's Recommendation No. 10

The final recommendation of the review calls upon each Authority to submit, within six months, no later than May 15, 2000, a plan for the Minister of Transport setting out, in order of priority, the proposed implementation and anticipated completion date of all these recommendations.

The Authority has complied with this and is now in the process of implementing changes to satisfy the requirement of the CTA.

## ASSUMPTIONS USED FOR DEVELOPMENT OF THE CORPORATE PLAN

### TRAFFIC VOLUME

Pilotage service is now provided almost entirely to ocean vessels although in the last five years it has been noticed that Canadian tankers are using the services of pilots on a more consistent basis. Since the early 1980's there was a steady and continuous decline in pilotage assignments. This trend was reversed in 1993 when total assignments were 8% higher than those in 1992 and traffic in 1994 was 42% higher than that experienced in 1993. The traffic for 1995 decreased 21% from the level of 1994 and traffic for 1996 increased 13% from the 1995 levels with 1997 traffic being 4% higher than 1996. Traffic in 1998 increased 26% over 1997 due to unusual and unexpected reasons. Steel imports were being threatened with legislation on quotas and import tariff penalties; therefore, a large amount of steel entered the Great Lakes before these proposed measures were to take place. History has since shown that these proposed measures designed to limit the import of steel never came to be and actually caused more steel to enter the system. Canadian assignments were also abnormally higher in 1998 because two of the International Districts could not supply sufficient U.S. pilots to handle their respective assignments therefore allowing the Canadian pilots to perform this overflow. The Americans have in 1999 increased pilot numbers allowing them to perform their required assignments.

Steel imports and grain exports are expected to be at the 2002 levels for the balance of 2004 as well as for the year 2005 and beyond. Traffic for 2004 is expected to be 10% more than 2003.

Marine traffic during the planning period will be heavily dependant on grain exports and steel movements into and out of the Great Lakes ports. Traffic through the Welland Canal to ports in the upper lakes is important for revenue generation.

Assignments for 2005 and the rest of the planning period, which is only one of the Authority's revenue indicators as the size and destination of the vessels also have an impact on revenues, have been established at 6,550. While total 2004 assignments are unknown at the time of preparation of this plan, it is estimated based on the first six months of the season that a level of approximately 6,550 is likely.

| | 1998 Actual | 1999 Actual | 2000 Actual | 2001 Actual | 2002 Actual | 2003 Actual | 2004 Forecasted | 2005-2009 Planned |
|---|---|---|---|---|---|---|---|---|
| Assignments | 9,085 | 8,108 | 8,605 | 7,158 | 6,847 | 5,943 | 6,550 | 6,550 |
| Percentage change | +26% | -10% | +6% | -17% | -4% | -13% | +10% | -% |

TARIFF LEVELS

Summary of Tariff Changes

| Actual | | | | | | | | | | | Planned |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005-2009 |
| 0% | 0% | 0% | 0% | 0% | ①-5% | ②-5% | 0% | ③+4% | ④+7.5% | ⑤+15% | ⑥3.5%-2.5% |

① 5% reduction on the Canadian Sectors.

② 5% reduction to be repeated for second year.

③ 3% overall tariff increase. (Tariff increase in Cornwall and Lake Ontario districts) in March 2002 and a further 1% tariff increase in November 2002 (Tariff increase in International District No. 2)

④ 3% overall tariff increase in March 2003 (Tariff increase in Cornwall and Lake Ontario districts) and 4.5% overall increase in July 2003.

⑤ 8% overall tariff increase in April 2004 and 7% overall tariff increase in September 2004.

⑥ 3.5% overall increase in 2005 and 2.5% overall increase per year from 2006 to 2009.

Summary of Inflation Increases - Consumer price Index

| 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | Estimated 2005 - 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2.5% | 1.8% | 2.1% | 1.3% | 1.3% | 1.4% | 1.8% | 1.6% | 2.7% | 2.0% | 2.2% | 2% |

Note: Sources for actual from Statistics Canada and forecast from CIBC observer.

WAGE INCREASES

The Authority has renewed three of the four collective agreements with the pilot groups and is now in the final stage of negotiations with one group. The ratified agreements are for five years and expire March 31, 2007 yielding average wage increases of 2.25%. The Authority anticipates a similar agreement with the unsigned group of pilots. The Corporate Plan is prepared based on the collective agreements with the pilots for pilot wages and cost of living for management wages.

The collective agreement with the Public Service Alliance of Canada, which covers clerical staff and dispatchers, expired June 30, 2003. The Authority decided to commence negotiations with this group only when negotiations with the pilots were terminated. The negotiation to renew the collective agreement will start in late 2004. The Authority is budgeting cost of living increases for this group of employees.

PILOT NUMBERS

In marine shipping, vessels enter and leave the system unscheduled under sometimes, severe weather and environmental conditions. Therefore, an infrastructure must be in place in order to ensure safety, provide a pilot on demand (even to exempt vessels) and meet uneven traffic flows. This may not be possible in the future as financial self-sufficiency does not allow the Authority the luxury of having extra pilots to cover sudden and temporary increases in traffic that may never materialize.

The Authority believes that pilot numbers established in 2004 are sufficient to service the traffic being projected for the 2005-2009 period. Pilot numbers were reduced by 6 in 2003, a 9% reduction from 2001. Pilot numbers in 2004 were maintained at the 2003 level. Pilot numbers for the planning period 2005-2009 will be maintained at the 2004 level. In isolated periods of very high traffic, pilot demands cannot be met resulting in vessel delays. The Authority and the Industry must accept, as they have since 1994 some delays since the cost of eliminating all delays can be significant.

MAJOR OPERATIONAL RESTRUCTURING

The Authority announced in August 2003 a major operational restructuring of its dispatching and operational structure. GLPA had two operation centres where pilots were being dispatched from. Starting in 2004 all dispatching was performed from one consolidated location in Cornwall, Ontario, therefore causing the closing of all operations at its Port Weller office. The restructuring will have no negative effect on the Authority's operations and will see improved operational decisions in the dispatching of pilots. The Authority will be eliminating three operation positions at the outset saving the organization $150,000 in the first year. Further reductions are possible in the future once the operations are combined and synergies are realized.

OTHER FACTORS

(i) The Authority will continue to review its operating costs and cost reductions will be made where possible as has been done in the past. Pilot numbers will be monitored in relation to demand with additions made only when it is clear that volume changes are likely to be sustained.

(ii) The operating statements for the planning period are based on a navigation season, which will not exceed an average of 270 days.

(iii) Inflation forecasts are difficult to prepare given the uncertainty of future events and the speed inflation affects the cost of operation. The Authority will prepare the 5-year plan using 2% as an average cost of living increase. This figure is conservative and the best possible estimate at this time.

## FINANCIAL POLICIES

Section 33 (3) of the *Pilotage Act* requires that the Authority shall, from its tariff of pilotage charges, derive sufficient revenue together with any revenue from other sources to permit it to operate on a self-sustaining financial basis.

The section also requires that the tariff of pilotage charges shall be fair and reasonable.

Whenever these two requirements are not compatible, the Authority has, as a matter of policy, taken the position that the tariffs of pilotage charges must first be fair and reasonable. While financial self-sufficiency is a stated objective of the Authority, it is the Authority's view that it should not always be achieved in each single year (or period) by abandoning the principle of "fair and reasonable".

The Authority's surplus funds has enabled it to maintain this balancing act of financial self-sufficiency and tariffs being fair and reasonable without having to depend on government funding which was eliminated in a Transport Canada policy decision as well as legislated with the adoption of the *Canada Marine Act*. The Authority has been able to limit pilotage tariff increases in the last eleven years to rates close to inflation.

## GREAT LAKES PILOTAGE AUTHORITY

## CORPORATE PLAN

### BALANCE SHEET

(000'S)

| | ACTUAL 2003 | FORECAST 2004 | BUDGET 2005 | FORECAST 2006 | FORECAST 2007 | FORECAST 2008 | FORECAST 2009 |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| **CURRENT ASSETS** | | | | | | | |
| CASH AND SHORT TERM INVESTMENTS | $ 970 | $ 939 | $ 908 | $ 978 | $ 935 | $ 985 | $ 1,029 |
| ACCOUNTS RECEIVABLE | 3,020 | 3,100 | 3,200 | 3,280 | 3,360 | 3,440 | 3,520 |
| | 3,990 | 4,039 | 4,108 | 4,258 | 4,295 | 4,425 | 4,549 |
| **LONG TERM INVESTMENTS** | | | | | | | |
| LONG TERM INVESTMENTS | 920 | - | - | - | - | 6 | 586 |
| INVESTMENTS - EMPLOYEE TERMINATION BENEFITS | 933 | 1,351 | 1,851 | 2,351 | 3,051 | 3,745 | 3,965 |
| | 1,853 | 1,351 | 1,851 | 2,351 | 3,051 | 3,751 | 4,551 |
| **FIXED ASSETS** | 1,003 | 1,023 | 1,098 | 1,173 | 1,248 | 1,323 | 1,398 |
| LESS: ACCUMULATED DEPRECIATION | (803) | (885) | (950) | (1,010) | (1,070) | (1,130) | (1,190) |
| | 200 | 138 | 148 | 163 | 178 | 193 | 208 |
| TOTAL ASSETS | $ 6,043 | $ 5,528 | $ 6,107 | $ 6,772 | $ 7,524 | $ 8,369 | $ 9,308 |
| **LIABILITIES** | | | | | | | |
| ACCOUNTS PAYABLE AND ACCRUED LIABILITIES | $ 4,151 | $ 4,000 | $ 4,090 | $ 4,180 | $ 4,270 | $ 4,360 | $ 4,450 |
| **ACCRUED TERMINATION BENEFITS** | 2,886 | 2,960 | 3,140 | 3,330 | 3,530 | 3,745 | 3,965 |
| TOTAL LIABILITIES | 7,037 | 6,960 | 7,230 | 7,510 | 7,800 | 8,105 | 8,415 |
| **SHAREHOLDER EQUITY** | | | | | | | |
| COMMON STOCK | - | - | - | - | - | - | - |
| CONTRIBUTED CAPITAL | 82 | 82 | 82 | 82 | 82 | 82 | 82 |
| RETAINED EARNINGS | (1,076) | (1,514) | (1,205) | (820) | (358) | 182 | 811 |
| | (994) | (1,432) | (1,123) | (738) | (276) | 264 | 893 |
| TOTAL LIABILITIES AND EQUITY | $ 6,043 | $ 5,528 | $ 6,107 | $ 6,772 | $ 7,524 | $ 8,369 | $ 9,308 |

## GREAT LAKES PILOTAGE AUTHORITY

## CORPORATE PLAN

## STATISTICAL DATA AND PERFORMANCE INDICATORS

(000'S)

| | ACTUAL 2003 | 2004 | FORECAST 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|---|---|
| **OPERATING SUMMARY** | | | | | | | |
| TOTAL REVENUES | $ 11,385 | $ 14,260 | $ 15,220 | $ 15,610 | $ 16,010 | $ 16,415 | $ 16,830 |
| PILOT WAGES AND BENEFITS | 9,646 | 10,386 | 10,481 | 10,715 | 10,955 | 11,200 | 11,450 |
| OPERATION WAGES AND BENEFITS | 891 | 827 | 845 | 865 | 885 | 905 | 925 |
| PILOT TRAVELLING COSTS | 1,163 | 1,300 | 1,330 | 1,360 | 1,390 | 1,420 | 1,450 |
| PILOT BOAT | 449 | 475 | 485 | 495 | 505 | 515 | 525 |
| OTHER DIRECT COSTS | 622 | 573 | 665 | 670 | 680 | 690 | 695 |
| TOTAL OPERATION COST | 12,771 | 13,561 | 13,806 | 14,105 | 14,415 | 14,730 | 15,045 |
| OPERATING MARGIN | (1,386) | 699 | 1,414 | 1,505 | 1,595 | 1,685 | 1,785 |
| ADMINISTRATIVE EXPENSES | 1,253 | 1,135 | 1,105 | 1,120 | 1,133 | 1,145 | 1,156 |
| **SURPLUS (LOSS) FOR THE YEAR** | $ (2,639) | $ (436) | $ 309 | $ 385 | $ 462 | $ 540 | $ 629 |
| **STATISTICS** | | | | | | | |
| TOTAL ASSIGNMENTS | 5,943 | 6,550 | 6,550 | 6,550 | 6,550 | 6,550 | 6,550 |
| AVERAGE BRIDGE HOURS PER ASSIGNMENT | 8.2 | 8.2 | 8.2 | 8.2 | 8.2 | 8.2 | 8.2 |
| TOTAL BRIDGE HOURS | 48,733 | 53,710 | 53,710 | 53,710 | 53,710 | 53,710 | 53,710 |
| AVERAGE NUMBER OF PILOTS | 62.5 | 62.5 | 62 | 62 | 62 | 62 | 62 |
| INCIDENT FREE ASSIGNMENTS | 99.5% | 99.5% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| AVERAGE ASSIGNMENTS PER PILOT | 95 | 105 | 106 | 106 | 106 | 106 | 106 |
| **PERFORMANCE INDICATORS** | | | | | | | |
| ADMINISTRATION AS A PERCENTAGE OF | | | | | | | |
| (i) TOTAL COSTS | 8.9% | 7.7% | 7.4% | 7.4% | 7.3% | 7.2% | 7.1% |
| (ii) TOTAL REVENUE | 11.0% | 8.0% | 7.3% | 7.2% | 7.1% | 7.0% | 6.9% |
| REVENUES PER ASSIGNMENT | $ 1,916 | $ 2,177 | $ 2,324 | $ 2,383 | $ 2,444 | $ 2,506 | $ 2,569 |
| OPERATING EXPENSE PER ASSIGNMENT | $ 2,149 | $ 2,070 | $ 2,108 | $ 2,153 | $ 2,201 | $ 2,249 | $ 2,297 |
| GROSS MARGIN PER ASSIGNMENT | (233) | $ 107 | $ 216 | $ 230 | $ 244 | $ 257 | $ 273 |
| **PROFIT (LOSS) PER ASSIGNMENT** | (444) | (67) | $ 47 | $ 59 | $ 71 | $ 82 | $ 96 |

## GREAT LAKES PILOTAGE AUTHORITY

## OPERATING BUDGET

(000'S)

| | ACTUAL 2003 | FORECAST 2004 | BUDGET 2005 | FORECAST 2006 | FORECAST 2007 | FORECAST 2008 | FORECAST 2009 |
|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | |
| PILOTAGE | $ 11,171 | $ 14,100 | $ 15,120 | $ 15,500 | $ 15,890 | $ 16,285 | $ 16,690 |
| INVESTMENTS | 127 | 85 | 25 | 35 | 45 | 55 | 65 |
| OTHER | 87 | 75 | 75 | 75 | 75 | 75 | 75 |
| TOTAL | $ 11,385 | $ 14,260 | $ 15,220 | $ 15,610 | $ 16,010 | $ 16,415 | $ 16,830 |
| **EXPENSES** | | | | | | | |
| PILOT WAGES | $ 8,038 | $ 8,936 | $ 9,996 | $ 9,200 | $ 9,405 | $ 9,615 | $ 9,830 |
| PILOT BENEFITS | 1,609 | 1,450 | 1,485 | 1,515 | 1,550 | 1,585 | 1,620 |
| OPERATION SALARIES | 712 | 650 | 686 | 680 | 695 | 710 | 725 |
| OPERATION BENEFITS | 179 | 177 | 180 | 185 | 190 | 195 | 200 |
| TRAVEL EXPENSES | 840 | 950 | 970 | 990 | 1,010 | 1,030 | 1,050 |
| PILOT BOAT | 449 | 475 | 485 | 495 | 505 | 515 | 525 |
| LAND TRANSPORTATION | 323 | 350 | 360 | 370 | 380 | 390 | 400 |
| TERMINATION BENEFITS | | | | | | | |
| ACCRUED | 301 | 250 | 325 | 330 | 340 | 350 | 355 |
| PAID | - | - | - | - | - | - | - |
| COMMUNICATION | 52 | 50 | 45 | 45 | 45 | 45 | 45 |
| DISPATCH SERVICES | 73 | 95 | 95 | 95 | 95 | 95 | 95 |
| UTILITIES AND SUPPLIES | 124 | 130 | 125 | 125 | 125 | 125 | 125 |
| TRAINING | 72 | 48 | 75 | 75 | 75 | 75 | 75 |
| TOTAL | $ 12,771 | $ 13,561 | $ 13,806 | $ 14,105 | $ 14,415 | $ 14,730 | $ 15,045 |
| **OPERATING MARGIN** | $ (1,386) | $ 699 | $ 1,414 | $ 1,505 | $ 1,595 | $ 1,685 | $ 1,785 |
| **ADMINISTRATION EXPENSES** | | | | | | | |
| SALARIES | $ 463 | $ 450 | $ 435 | $ 450 | $ 460 | $ 465 | $ 475 |
| BENEFITS | 116 | 118 | 110 | 110 | 115 | 117 | 120 |
| UTILITIES AND RENT | 66 | 55 | 90 | 90 | 90 | 90 | 90 |
| RETIRED EMPLOYEES | 14 | 10 | 10 | 10 | 8 | 8 | 6 |
| DIRECTOR FEES & TRAVEL | 203 | 175 | 150 | 150 | 150 | 150 | 150 |
| ADMINISTRATION TRAVEL | 121 | 100 | 100 | 100 | 100 | 100 | 100 |
| COMMUNICATION | 14 | 15 | 15 | 15 | 15 | 15 | 15 |
| TERMINATION BENEFITS | | | | | | | |
| ACCRUED | 39 | 50 | 55 | 60 | 60 | 65 | 65 |
| PAID | - | - | - | - | - | - | - |
| PROFESSIONAL FEES | 135 | 80 | 75 | 75 | 75 | 75 | 75 |
| AMORTIZATION | 82 | 82 | 65 | 60 | 60 | 60 | 60 |
| TOTAL | $ 1,253 | $ 1,135 | $ 1,105 | $ 1,120 | $ 1,133 | $ 1,145 | $ 1,156 |
| | - | - | - | - | - | - | - |
| **SURPLUS (LOSS) FOR THE YEAR** | $ (2,639) | $ (436) | $ 309 | $ 385 | $ 462 | $ 540 | $ 629 |

## 2005 CAPITAL BUDGET

| | |
|---|---|
| Communications equipment | $ 5,000 |
| Office equipment & furniture | 5,000 |
| Computer hardware & software upgrade | 65,000 |
| | $75,000 |

Planned capital items of expenditure provide for the outlay of $5,000 to replace obsolete and worn office equipment and furniture at the Authority's offices during the year 2005 and $5,000 for communication equipment. As well, the Authority has planned on spending up to $65,000 for computer hardware and software upgrade.